Revenue (1948) Department

SERIES.

G.O. No. 2015

Dated 13.8.1948

[Despatch Abstract.]

TAX : THE MADRAS GENERAL SALES TAX (AMENDMENT) ACT 1948 (MADRAS ACT XVI OF 1948) : PAPERS RECORDED.

GOVERNMENT OF MADRAS
Abstract
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BILLS - The Madras General Sales Tax (Amendment) Bill 1948 - Publication ordered under the proviso to rule 73 of the Madras Assembly Rules.

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Legal Deoartment.

G.O. No. 93. Dated, the 14th May 1948

ORDER:

The order of His Excellency the Governor directing the publication of the Madras General Sales Tax (Amendment) Bill, 1948, is annexed to these proceedings.

2. The Bill, with the Statement of Objects and Reasons, will be published in the Fort St. George Gazette in English only.

3. The Hon'ble Sri B. Goapala Reddi, Minister for Finance, will be in charge of the Bill.

(By order of His Excellency the Governor)

K.V. RAJAGOPALAN
Joint Secretary to Government

To the Superintendent Government Press
To the Revenue Department.
To the Secretary, Madras Legislature.
To the Private Secretary to His Excellency the Governor.

ANNEXURE
Order of His Excellency the Governor.

Under the proviso to rule 73 of the Madras Assembly Rules, His Excellency the Governor directs the publication of the Madras General Sales Tax (Amendment) Bill, 1948, with the Statement of Objects and Reasons:-

APPENDIX.

Bill to be introduced in the Legislative Assembly of the Province of Madras.

Under the proviso to rule 73 of the Madras Assembly Rules, the following Bill, together with the Statement of Objects and Reasons, is published for general information:-

A Bill ~~to~~ further to amend the Madras General Sales Tax Act, 1939.

Madras Act IX of 1939

WHEREAS it is expeditent further to amend the Madras General Sales Tax Act, 1939, for the purpose hereinafter appearing; it is hereby enacted as follows:

Short title and commencement.

1. (1) This Act may be called the Madras General Sales Tax (Amendment) Act, 1948.

(2) This section shall come into force at once and section 2 on such date as the Provincial Government may, by notification in the Fort St. George Gazette, appoint.

Madras Act IX of 1939

Amendment of section Madras Act IX of 1939.

2. In section 5, clause (ii) of the Madras General Sales Tax Act, 1939 (hereinafter referred to as the said Act), for the words, "at two points", the words "at such single point", ~~the words~~ for the words "at the rate of one-fourth of one per cent", the words "at the rate of ~~one-four~~ one-half of one per cent" and for the words "at each of the two points", the words "at that point" shall be substituted.

Removal of doubts.

3. For the removal of doubts, it is hereby declared that tax on the turnover for the year ending

on the 31st March 1948, in so far as it relates to cotton yarn other than handspun yarn, shall be levied under the said Act, as if this Act had not been passed.

STATEMENT OF OBJECTS AND REASONS.

Under the Madras General Sales Tax Act, 1939 (Madras Act IX of 1939), as amended by Madras Act XXV of 1947, sales of cotton yarn other than handspun yarn are liable to tax at one-fourth per cent of the turnover at two points, namely, (a) when sold by the ex-mill quota holders ("A" class licensees under the Government of India scheme of distribution of mill yarn in this Province), and (b) when sold by wholesale dealers ("B" class licensees under that scheme). In pursuance of their policy of gradual decontrol, the Government of India have withdrawn, with effect from the 16th March 1947, the control over the internal distribution of yarn in this Province, with the result that the "B" class licensees have ceased to exist from that date. Sales of cotton yarn other than handspun yarn are thus liable to tax only at one point at the rate of one-fourth per cent of the turnover instead of at two points at that rate, as intended. To prevent loss of revenue to the Government, it is proposed to raise the rate of the tax at the sinle point at which alone it is now being leveied from one-fourth per cent on the turnover to one-half per cent on the turnover.

B. GOPALA REDDI.

/The Bill as passed into Act by the Legislative Assembly on 12th July 1948 and by the Council on the 22nd July 1948 received the assent of His Excellency of the Governor on the 7th August 1948 and was published in the Fort St. George Gazette in English only as Madras Act XVI of 1948 on the 10th August 1948.Ø

GOVERNMENT OF MADRAS
Abstract
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AGENCY - The Madras General Sales Tax (Amendment) Act, 1948 - Applied - Notification issued.

Public (Refugees) Department.

G.O. (Ms) No. 2133. Dated, the 31st August 1948

ORDER:

The following notification shall be publihsed in the.Fort St. George Gazette:-

NOTIFICATION.

In exercise of the powers conferred by section 92 (1) of the Government of India Act, 1935, His Excellency the Governor of Madras hereby directs that the Madras General Sales Tax (Amendment) Act, 1948 (Madras-Act XVI of 1948) shall apply to the partially excluded areas in the Province of Madras subjedt to the modification that for sub-section (2) of section 1, the following sub-section shall be substituted, namely:-

"(2) It shall come into force on the first day of September 1948."

(By order of His Excellency the Governor)
K. RAMUNNI MENON
Chief Secretary to Government

To the Superintendent Government Press for publication of the notification.
To the Agents to Government, Easto Godavari, West Godavari and Vizagapatam.
To the Board of Revenue, Madras.
To the Accountant-General, Madras.
To the Honourable the Chief Justice, Madras.
To the Revenue, Legal and Finance Departments.

Revenue Department.

MEMORANDUM FOR LEGISLATION.

TAX - Madras General Salestax Act, 1939 - Levy of sales tax on cotton yarn other than handspun yarn at a single point - Section 5(ii) of the Act - Amendment - Proposals.

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Prior to 1st January 1948, sales of cotton yarn were totally exempt from salestax. Section 5 (ii) of the Madras General Sales Tax Act, 1939, as amended by Madras Act XXV of 1947, which came into force on 1st January 1948, made sales of cotton yarn other than handspun yarn liable to sales tax at two prescribed points in the series of sales by successive dealers at the rate of 1/4 per cent at each of the two points. The two points at which the tax should be levied were prescribed in the rules as follows:-

(i) When sold by the ex-mill quota holder, namely, the A class licencee under the Government of India Scheme of distribution of mill yarn in this provice; and

(ii) When sold by the wholesale dealer, namely the "B" class licence under the scheme referred to above.

2. In pursuance of their policy of gradual decontrol, the Government withdrew with effect on and from 16th March 1948, the control over the internal distribution of yarn in this Province. Consequently, the "B" class licensee (under the Government of India scheme of distribution of yarn) on whom a salestax of 1/4% was being levied with effect on and from 1st January 1948 has ceased to function with effect on and from 16th March 1948. From that date, salestax can be levied on cotton yarn other than handspun yarn only at one point at the rate of ¼ per cent i.e. at the stage of sale by the "A" class licensee who is still continuing to functic Since the lifting of the control over the internal distribution of yarn in this Province has resulted in the Government losing salestax at the rate of ¼ % at one point, it has been suggested that sales tax on cotton yarn other than handspun yarn should be levied at a single point at the rate of ½% instead of at two points at the rate of ¼% at each point. For this purpose, a sectio 5(ii) of the General Salestax Act which provides for the levy of salestax on cotton yarn other than handspun yarn at two points at the rate of ¼% ~~per~~ at each point requires to be amended. It is proposed to fix the single point at which cotton yarn other than handspun yarn will be taxed as follows:-

(1) Yarn produced in the Province - when it leaves the spinning mill.
(.) Imported yarn - when sold by the importer or agent, as the case may, for the first time in the Province. These stages will be fixed aby amending Rule 4-A(i) of the General Sales Tax (Turnover and Assessment) Rules 1939.

3. Orders of the Government are solicited whether legislatio will be undertaken to amend section 5 (ii) of the Madras General SalesTax Act so as to provide for the levy of sales tax on cotton yarn other than handspun yarn at the rate of ½% at a single point in the series of sales by successive dealers as may be prescribed.

The legislation proposed will be intra vires the Provincial Legislature as it falls under entry 48 of the Provincial Legislatu List, namely, "Taxes on the sale of goods...."

B. GOPALA REDDY
Honourable Minister for Finance.

Circulated to H.M. for recording opinion with reference to the instruction 32 (2) of the Secretariat Instructions.

Message of His Excellency the Governor recommending to the Legislative Assembly the consideration of the Madras General Sales Tax (Amendment) Bill, 1948.

In pursuance of section 82, sub-section 1 (a) of the Government of India Act, 1935, I, Archiblad Edward Nye, Governor of Madras, hereby recommend to the Madras Legislative Assembly the introduction of the Madras General Sales Tax (Amendment) Bill, 1948.

ARCHIBALD NYE
9th May 1948.

GOVERNMENT OF MADRAS
Abstract
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TAX - The Madras General Sales Tax (Amendment) Act, 1948 (Madras Act XVI of 1948) - Papers recorded.

Revenue Department.

G.O. (Ms) No. 2015 Dated, the 23rd August 1948

ORDER:

R e c o r d e d.

2. The attention of the Board of Revenue is invited to the Madras General Sales Tax (Amendment) Act, 1948 (Madras Act XVI of 1948) published at page 127 of Part IV-B of the Fort St. George Gazette dated the 10th August 1948.

(By order of His Excellency the Governor)

V.K. RAO
Deputy Secretary to Government.

To the Board of Revenue.

/True copy/

Office Assistant,
Madras Record Office, Egmore.

Sk.

31/5/48.